

BETWEEN
REALTY ASSOCIATES FUND III, LP
AND
MONTGOMERY COUNTY, MARYLAND

DATED 11-7-01

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LEASE AGREEMENT

THIS LEASE, entered into this _____ day of _____, 2001, by and between, REALTY ASSOCIATES FUND III, LP, having an address of c/o McShea & Company, Inc., One Bank Street, Suite 300, Gaithersburg, Maryland 20878 (hereinafter referred to as "Landlord") and MONTGOMERY COUNTY, MARYLAND, (hereinafter referred to as "The County"). (The Landlord and the County together the "Parties").

WITNESSETH:

In consideration of the rent hereinafter reserved, and the covenants hereinafter contained, the Parties mutually agree as follows:

1. PREMISES: Landlord does hereby lease and demise unto the County and the County hereby leases from Landlord the premises described as 706 square feet of space at 1901 Research Boulevard, Rockville, Maryland, 20850 as outlined in red on "Exhibit A" attached hereto and made a part hereof. Said space is hereinafter referred to as the "Leased Premises."

2. TERM: The term of this Lease shall be five (5) years, to commence on or about October 1, 2001, and terminate at midnight September 30, 2006.

3. BASE RENT: County covenants and agrees to pay annual Base Rent during the term of this Lease, payable by County in equal monthly installments, in advance, on or before the first day of each month, to and at the offices of REALTY ASSOCIATES FUND IV, LP, c/o McShea Management, One Bank Street, Suite 300, Gaithersburg, Maryland 20878, or at such other place designated by Landlord, without prior demand therefore, and without any deduction or set-off whatsoever, (except for abatements as provided under paragraph 17 of this Lease Agreement) in the annual amount of EIGHTEEN THOUSAND THREE AND 00/100 (\$18,003.00) DOLLARS, payable in equal monthly installments of ONE THOUSAND FIVE HUNDRED AND 25/100 (\$1,500.25) DOLLARS. The Rent Commencement Date shall coincide with the Lease Commencement Date as set forth in Paragraph 2 hereinabove. The first rental payment shall be due and payable on the Lease Commencement Date. If the Lease Commencement Date occurs on other than the first day of a calendar month, the Base Rent shall be pro-rated at the rate of one-thirtieth (1/30th) of the applicable monthly installment per day for each day of such partial month.

4. RENT ADJUSTMENT: It is agreed between the parties that the Base Rent payable by the County as set forth in Paragraph 3 above shall be adjusted at the beginning of the second (2nd) lease year, and each year thereafter, based on an increase of three percent (3%) of the previous year's Base Rent.

5. REAL ESTATE TAXES:

- A. Commencing with the first Calendar Year following the Base Year and every Calendar Year thereafter, the Landlord shall forward to the County a statement and copies of paid tax receipts setting forth the amount of Real Estate Taxes (as hereinafter defined) levied or imposed against the land and improvements of which the Leased Premises are a part. The County shall pay to the Landlord as additional rent, upon receipt of the Landlord's statement and receipts, but in no event more than 30 days after receipt of Landlord's statement and receipts, any increase in the said Real Estate Taxes over the Real Estate Taxes assessed against the land and improvements of which the Leased Premises are a part during the "Base Year." The Base Year is hereby defined to be the period from July 1, 2001 through June 30, 2002. The Base Year figure will not include any amount which represents an increase in the assessed value of the premises as a result of the County improvements as herein described. The Landlord's statement shall contain copies of Real Estate Tax billings for the Base Year as well as the tax year for which the payment is required.
- B. The term "Real Estate Taxes" shall be deemed to mean all property taxes and assessments, general and special, levied or imposed by appropriate taxing authorities with respect to the land, building and improvements of which the Leased Premises are a part. If the system of real estate taxation shall be altered or varied or any new tax or levy shall be levied or imposed on said land; buildings and improvements by an appropriate taxing authority, the new tax or levy shall be included within the term "Real Estate Taxes."
- C. County shall pay to Landlord said increased taxes as additional rent for County proportionate share of the building, which share is hereby

determined to be 0.7% within thirty (30) days after receipt of Landlord's statement. County proportionate share is computed as follows:

$$\frac{100 \times 706 \text{ square feet leased}}{106,472 \text{ square feet in building}} = .07\%$$

6. CONSTRUCTION: The Leased Premises are accepted as configured as shown in the attached Exhibit A. Landlord must replace all damaged and discolored ceiling tile. Landlord must paint and carpet the Leased Premises utilizing Landlord standard building materials, in a color selected by County.

7. USE: County covenants and agrees that said premises shall be used and occupied by the Montgomery County Government as general offices and for no other purpose. County shall have the right to occupy and use the premises 24 hours a day, seven days a week.

8. ANNUAL OPERATING COSTS:

A. The term "Annual Operating Costs" means the actual costs incurred by Landlord in operating and maintaining the land and improvements in which the Leased Premises are located (the "Property") during each calendar year of the Lease Term. Such costs shall include, by way of example rather than of limitation; charges or fees for, and taxes on, the furnishing of water, sewer service, gas, fuel, electricity or other utility services to the Property; janitorial and trash removal service, costs of maintaining grounds, common areas and mechanical systems of the buildings; all other costs of maintaining, repairing or replacing any or all of the Property; charges or fees for any necessary governmental permits, management fees or overhead and expenses, premiums for hazard, liability, workmens' compensation or similar insurance upon any or all of the Property; costs arising under service contracts with independent contractors; costs of any services not provided by Landlord to the Property on the date hereof but hereafter provided by the Landlord in its prudent management of the Property; and the costs of any other items which under generally accepted accounting principles, consistently applied from year to year with respect to the Property, constitute operating or maintenance costs

attributable to any or all of the Property. Such cost shall not include the expense of principal and interest payments made by Landlord pursuant to the provisions of any mortgage or deed of trust covering the Property; any deduction for depreciation of the Property taken on the Landlord's income tax returns, the cost of fix-up of Leased Premises as stated in paragraph (6) or the cost of capital improvements made to the Property.

Annual Operating Costs shall not include costs incurred wherever the County and/or any other County of space within the Property has agreed to provide any item of such services partially or entirely at its own expense, wherever any such item of expense is not incurred with respect to or for the benefit of all of the net rentable space within the Property. In allocating the Annual Operating Costs pursuant to the foregoing provisions of this subsection the Landlord shall make an appropriate adjustment, using generally accepted accounting principles, as aforesaid, so as to avoid allocating to County those Annual Operating Costs covering such services already being provided by County or by such other County at its own expense, or to avoid allocating to all of the net rentable space within the Property those Annual Operating Costs incurred only with respect to a portion thereof, as aforesaid.

- B. The Term "County's Operating Costs Percentage": means the percentage assigned to the Premises for purposes of allocating the Annual Operating Costs to the Premises in accordance with the provisions of this subsection, which represents the approximate and (for purposes of the provisions of this Lease) hereby agreed upon proportion which the floor area of the Premises bears to the aggregate net rentable space within the Property. County's Operating Costs Percentage shall be .07% when Annual Operating Costs are attributed to the building in which the Leased Premises are located.
- C. Payment as Additional Rent: County shall, within thirty (30) days after demand therefore by Landlord (with respect to each base year during the Term), accompanied by a statement setting forth in reasonable detail the Annual Operating Costs for such base year, pay to the Landlord as additional rent the amount by which the County's Operating Costs

Percentage of the Annual Operating Costs for such base year exceeds the amount of base year. *

- D. Proration: If a portion of any calendar year falls within the Lease Term, the amount payable as additional rent for such calendar year under the foregoing provisions of this subsection shall be prorated in proportion to the portion of such calendar year falling within the Lease Term (but the expiration of the Lease Term before the end of a calendar year shall not impair the County's obligation hereunder to pay such prorated portion of such additional rent for that portion of such calendar year falling within the Lease Term, which shall be paid on demand, as aforesaid).

9. PROPERTY DAMAGE AND LIABILITY INSURANCE:

- A. Self-Insurance: The County shall have the right to self-insure. The County is a member of the Montgomery County Self-Insurance Program; Article 20-37 of Montgomery County Code restricts the legal defense fund to members of the Fund such as the County and does not allow for outside entities. The certificate of insurance evidences limits of insurability for commercial general liability coverage in the amounts of \$500,000 in the aggregate and \$200,000 each occurrence and \$20,000 per person, \$40,000 per accident for bodily injury and \$10,000 for property damage for automobile liability and State of Maryland statutory limits for workmens compensation. These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible under the Local Government Tort Claims Act, Md. Code Ann. Cts & Jud. Process §§5-301 et seq, (1998 Repl. Vol.), as amended from time to time (the LGTCA). This insurance policy must be maintained continuously by the County during the full Term and during any extension of the Lease Term. The County shall deliver to Landlord a certificate of insurance evidencing the coverage above described within fifteen (15) days after the execution of this Lease.
- B. Prohibited Articles: County agrees that it will not keep in or upon the Premises any article, which may be prohibited by the standard form of fire or hazard insurance policy. In the event the County's use or occupancy of the Premises causes any increase in the insurance premiums for the Premises or

*BASE YEAR IS DEFINED AS CALENDAR YEAR 2002.

any part thereof, the County shall pay the additional premiums as they become due. The County has the right to review the Landlord's policy (ies) premium and rates.

- C. Indemnification By the County: The County hereby indemnifies the Landlord against any and all claims, arising solely out of the negligence or wrongful acts of the County in using the Leased Premises or the exterior of the Building. This indemnification is subject to the notice provisions and the liability and damages limitations stated in the LGTCA. This indemnification shall not be considered to be a waiver of governmental immunity and is not intended to create any rights or causes of action in third parties. The County shall not, be liable for any damage or injury occasioned by the acts or omissions of Landlord or its agents, or Landlord's failure to comply with its obligations hereunder.
- D. Landlord Indemnity: Landlord agrees to hold harmless and hereby indemnifies the County, from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property, arising from or out of any use by Landlord of the Building, to the extent caused by any act or omission of Landlord, its agents, contractors, or employees, excepting claims arising out of the acts or omissions of the County or the County's invitees.
- E. County Risk: All the furnishings, fixtures, equipment, effects and property of every kind, nature and description belonging to the County or to any person claiming by, through or under the County which, during the continuance of this Lease or any occupancy of the Premises by the County or anyone claiming under the County, shall be at the sole risk of the County, and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft, or from any other cause, no part of said loss or damage is to be charged to or to be borne by Landlord unless due to the negligence of Landlord or Landlord's failure to comply with the law or with its obligations hereunder.

10. ACCESS: County will allow Landlord or Landlord's agents to have access to the Leased Premises upon reasonable notice, except in the event of emergency to County and at all reasonable times for the purpose of inspection or in the event of fire or other property damage, or for the purpose of performing any maintenance and repairs Landlord may consider necessary or desirable; or for the Landlord to show the Leased Premises to prospective Tenants during the 12 months preceding expiration of the Lease term and to prospective purchasers and mortgagees at all reasonable times upon reasonable notice to County; provided, however, Landlord shall not interfere with County's use of the Leased Premises. Landlord shall provide controlled access to the front and rear entrances to the building, and at least one elevator after normal full service building hours.

11. SERVICES: Landlord, at Landlord's expense, shall provide all utilities, maintenance and repairs, trash removal and pest control within the Leased Premises. Pest control will be provided on an as needed basis not to exceed one time per calendar quarter. County must request pest control in writing to Landlord. Landlord, at Landlord's expense, shall provide janitorial services within the Leased Premises, after 5:00 P.M., Monday through Friday.

- A. Janitorial Services: In the event Landlord fails to provide satisfactory janitorial services in the Leased Premises, after written notice of ten (10) business days is given specifying in detail Landlord's failure, County shall have the right but not the obligation to assume responsibility for said services and be reimbursed by Landlord the reasonable cost thereof.

If Landlord, at any time during the Lease Term, shall default in any material respect in the performance or observance of any obligation on Landlord's part to be performed or observed pursuant to Articles 11 and 12 of the Lease, and shall not cure such default within thirty (30) days after receipt of written notice thereof from County (or shall not within said period commence to cure such default and thereafter prosecute the curing of such default to completion with due diligence), then, provided County is not then in default under the Lease, beyond applicable notice and grace periods, County may, at its option, but is under no obligation to so act, cure such default, and Landlord agrees to reimburse County the amounts reasonably incurred by County in so doing within a reasonable period of time agreed to by both County and Landlord; provided that County shall not undertake maintenance, repairs and/or replacements to any structural

element of the Building or the roof thereof or to any Building service equipment or system which serves or may affect any space in the Building other than the Leased Premises. Notwithstanding the foregoing, in no event shall County be entitled to set-off or deduct any amounts incurred by County hereunder against the Annual Base Rent or additional rent due under the Lease. A default of performance or observation of any obligation under Paragraph 11 and 12 of the Lease if not cured as provided above can, at the option of County and after notice is given, be considered a default of the Lease and County shall have those rights prescribed under Paragraph 19 below.

12. HVAC SYSTEM: Landlord agrees to provide heating, ventilation, and air conditioning during those seasons of the year when such services are necessary from 8:00 AM until 6:00 PM, Monday through Friday and 9:00 AM to 1:00 PM on Saturday, exclusive of legal holidays, in amounts and quantities sufficient to maintain in a balanced, comfortable manner all space occupied by the County. Legal holidays are hereby defined as New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Landlord will provide heating, ventilation and air conditioning in addition to the herein stated hours, provided that County notifies Landlord 24 hours in advance, before noon on the day preceding the requested service (noon Friday for Saturday and Sunday) of such requirement for additional heating or air conditioning. County shall pay an hourly charge for such additional HVAC services to reflect cost of utilities and other costs of operating the HVAC equipment, the rate currently being \$40.00 per hour per floor, with a \$40.00 minimum. County shall pay its equal share of the charge based on the number of Tenants on the floor of which the Premises are a part during each period. Landlord shall provide County with written documentation of the number of Tenants and hours used by each. The air conditioning shall be so balanced as to provide a temperature range between 74 and 78 degrees Fahrenheit. The heating shall be so balanced as to provide a temperature range between 68 and 72 degrees Fahrenheit. Landlord shall, during emergencies, change these temperature guidelines in accordance with Federal, State and local requirements.

13. ALTERATIONS, ADDITIONS AND IMPROVEMENTS:

- A. County will not make any alterations, additions, or improvements of any kind to the Leased Premises without the Landlord's written consent, which consent shall not be unreasonably withheld. County shall provide

Landlord with plans and specifications of said work. County agrees to reimburse Landlord for all costs incurred by Landlord in reviewing County's proposed changes or additions and improvements and provided further that, in order to protect the functional integrity of the Building, Landlord shall have the right to approve County's contractor, and such approval shall not be unreasonably withheld. Upon receipt of Landlord's written approval of the County's plans and specifications, County may proceed to perform the work at County's expense, or at County's option, County may request that Landlord perform said work at County's expense and at negotiated prices. County shall pay for any work performed by Landlord on County's behalf after inspection by County and within thirty (30) days from the submission of an invoice by Landlord for work reasonably approved by County, as additional rent hereunder.

- B. All alterations, additions, or improvements made by either of the Parties upon the Leased Premises shall become the property of the Landlord and shall remain upon and be surrendered with the Leased Premises upon the termination of this Lease unless Landlord requires County to remove such property at the time Landlord approves installation of such improvements. County shall, with Landlord's written consent, which shall not be unreasonably withheld, have the right to install any furniture or office machinery necessary in the conduct of its business within the Leased Premises, and the same shall remain the property of the County, and shall be removed by County upon the termination of this Lease.
- C. Landlord will not approve any construction, alterations or additions requiring unusual expense to readapt the Leased Premises to normal office use upon Lease termination or increase the cost of construction, insurance or taxes on the Building or of Landlord's services called for by this Lease unless County first gives assurances acceptable to Landlord that such readaptation will be made prior to Lease termination without expense to Landlord and makes provisions acceptable to Landlord for payment of such increased cost. All changes and additions shall be part of the Building except such items as by writing at the time of approval the parties agree shall be removed by County upon termination of this Lease.

14. NOTICE OF DEFECTS: County shall provide Landlord with prompt notice of accidents on or damages to the structure, equipment, or fixtures of the Leased Premises, or notice of need for repairs in the roof, plumbing, electric and heating systems, to be remedied by Landlord in accordance with the terms of this Lease.

15. ASSIGNMENT AND SUBLEASING: County shall not have the right to transfer possession or occupancy of the Leased Premises, nor sublet or assign this Lease to any person or persons without the prior written consent of the Landlord. Landlord's consent shall not be unreasonably or unduly withheld. County agrees not to market or advertise the Leased Premises for sublet or this Lease for assignment without the prior written consent of Landlord as to all advertising, marketing and promotional materials. In the event that any assignee or sub Tenant pays to County any amounts in excess of the Annual Base Rent and additional rent then payable hereunder, or pro rata portion thereof on a square footage basis for any portion of the Leased Premises, County shall promptly pay 50% of such excess to Landlord as and when received by County. If County requests Landlord's consent to assign this Lease or sublet more than 50% of the Premises, Landlord shall have the option, exercisable by written notice to County given within 10 days after receipt of such request, to terminate this Lease as of a date specified in such notice which shall be not less than 30 or more than 60 days after the date of such notice. Any such assignment or subleasing shall not relieve County from obtaining the consent in writing of Landlord to any further assignment or subleasing.

16. COUNTY'S COVENANTS: County covenants and agrees:

- A. To pay the rent as provided in the lease to Landlord and until the Lease expiration date or until possession is redelivered to Landlord, if this occurs after the Lease expiration date.
- B. Not to strip or overload, damage or deface the Leased Premises or hallways, stairways, elevators or other approaches thereto.
- C. Not to suffer or permit any trade or occupation to be carried on or use made of the Leased Premises which shall be unlawful, noisy, offensive or injurious to any person or property, or such as to increase the danger of fire or make void or voidable any insurance on said Building, in Landlord's concern to maintain the first-class business (non-medical, non-lab) nature of the Building.

- D. Not to move any furniture or equipment into or out of the Leased Premises without Landlord's consent thereto, which consent shall not be unreasonably withheld.
- E. Not to place upon the interior or exterior of the Building or any window or other part thereof or door of the Leased Premises any placard, sign, covering or drapes, except such and in such place as shall have been first approved by Landlord, which approval shall not be unreasonably withheld. To remove, at County's expense, any changes, additions, signs, curtains, blinds, shades, awnings, aerals, flag poles, or the like not consented to in writing.
- F. To conform to all rules and regulations from time to time established by appropriate insurance rating organizations, and to all reasonable rules and regulations from time to time established by Landlord.
- G. To keep the Leased Premises equipped with all safety appliances required by law or ordinance or any other regulation of any public authority because of any use made by County and to procure all licenses and permits so required because of such use and, if requested by Landlord, to do any work so required because of such use, it being understood that the foregoing provisions shall not be construed to broaden in any way County's Permitted Uses.
- H. To keep all of County's employees working in the Leased Premises covered by worker's compensation insurance in statutory amounts and to furnish Landlord with a current certificate thereof. County reserves the right to self-insure.
- I. County covenants on behalf of itself, its employees, and agents, and licensees and invitees to comply with the rules and regulations set forth in Exhibit "B" which is attached hereto and made a part hereof (the "Rules and Regulation"). Landlord shall have the right, in its sole discretion, to make reasonable additions and amendments of the Rules and Regulations upon Landlord's provision to County of a written copy of the same. Any

default by County, or any other party set forth above, of any of the provisions of the Rules and Regulations set forth on Exhibit "B" or as amended from time to time, shall be considered to be default under the term of this Lease. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations, or any amendments or additions thereto, against any other Tenant, and Landlord shall have no liability to County or any other party for violations of the Rules and Regulations by any party whatsoever. If there is any inconsistency between this Lease and the Rules and Regulations, the Lease shall govern.

17. DESTRUCTION OF PREMISES: In the event of damage or destruction of the Leased Premises by fire or any other casualty, this Lease shall not be terminated, but the Leased Premises shall be promptly and fully repaired and restored as the case may be by the Landlord to the extent of Landlord's insurance proceeds provided such repair and or restoration returns the Leased Premises to substantially the condition prior to such damage or destruction. Due allowance, however, shall be given for reasonable time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions, and controls on construction, if any, and for strikes, national emergencies and other conditions beyond the control of the Landlord. It is agreed that in the event of damage or destruction, this Lease shall continue in full force and effect, except for abatement of rent as provided herein. If the condition is such as to make the entire Leased Premises "Untenantable", then the rental which the County is obligated to pay hereunder shall abate as of the date of the occurrence until the Leased Premises have been fully restored by the Landlord. Any unpaid or prepaid rent for the month in which said condition occurs shall be prorated and credited or paid to the appropriate party. If the Leased Premises are partially damaged or destroyed, then during the period that County is deprived of the use of the damaged portion of said Leased Premises, County shall be required to pay rent prorated to reflect that portion of the Leased Premises which continues to be "Tenantable" and appropriate for County's use. Landlord will proceed at its expense and as expeditiously as may be practicable to repair the damage. Notwithstanding any of the foregoing, in the event of substantial damage or destruction, and Landlord should decide not to repair or restore the Leased Premises or the building, in which event and at Landlord's sole option, Landlord may terminate this Lease forthwith, by giving County a written notice of its intention to terminate within sixty (60) days after the date of the casualty. No compensation, or claim, or diminution of rent other than as described above will be allowed or paid, by Landlord, by reason

of inconvenience, annoyance, or injury to business, arising from the necessity of repairing the Leased Premises or any portion of the Building of which they are a part.

18. DELIVERY OF THE PREMISES: County covenants at the expiration or other termination of this Lease, to remove all goods and effects from the Leased Premises not the property of Landlord, and to yield to Landlord the Leased Premises and all keys, locks and other fixtures connected therewith (except trade fixtures and other fixtures belonging to County), in good repair, order and condition in all respects, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk for which County is not herein expressly made liable excepted.

19. DEFAULT:

- A. By County: In the event that rent, or any installment thereof, shall remain unpaid after it becomes due and payable, for ten (10) days after written notice to the County for same, or if County or County's assigns shall fail or neglect to keep and perform each and every one of the terms of this Lease, and such failure or neglect continues for more than thirty (30) days (or such period as may reasonably be required to correct the default with exercise of due diligence,) after written notice to County from the Landlord specifying the default, then at the option of the Landlord, the Landlord and his assigns may proceed to recover possession under the laws of the State of Maryland. Landlord may also pursue any rights and remedies available for such default under the laws of the State of Maryland.
- B. By Landlord: In the event that the Landlord or his assigns shall fail or neglect to keep and perform each and every one of the covenants, conditions, and agreements contained herein, and such failure or neglect is not remedied within thirty (30) days (or such period as either otherwise provided herein on as may reasonably be required to correct the default with exercise of due diligence) after written notice from the County or his assigns specifying the default, then the County or his assigns, at County's option, may pursue any and all legal remedies available. It is understood, however, that Landlord shall be entitled to notice, hearing and opportunity

to cure or contest any claimed violations of the foregoing as to the full extent provided by federal, state or local law.

- C. No default as hereinbefore provided shall be deemed complete unless at the time Landlord or County seeks to take any action based upon such alleged default the same shall remain uncured by the defaulting party.

20. HOLDOVER: If County shall hold possession of the Leased Premises after the expiration or termination of this Lease, at Landlord's option (i) County shall be deemed to be occupying the Leased Premises as a Tenant from month to month, not to exceed a period of 6 months during which time either party may terminate this Lease on thirty (30) days written notice, and will be otherwise subject to all of the terms and conditions of this Lease, or (ii) Landlord may exercise any other remedies it has under this Lease or at law in equity including an action for holding over after the date stipulated in Landlord's notice above.

21. QUIET POSSESSION: Contingent on the performance of all covenants, conditions and agreements herein contained to be performed on County's part, County shall at all times during the term of this lease have the peaceable and quiet enjoyment and possession of the Leased Premises for the purposes herein cited.

22. STATUTORY PROVISIONS: It is understood, agreed and covenanted by and between the Parties that the Landlord and County, as their interests may appear and at their respective expense, will promptly comply with, observe and perform all of the requirements of all applicable Federal, State, County and Local statutes, ordinances, rules, orders and regulations in effect during the Lease Term.

23. WAIVER: The waiver at any time by the Landlord or County of any particular covenant or condition of this Lease shall extend to the particular case only, and for the particular time and in the particular manner specified, and such waiver shall not be construed or understood as waiving any further or other rights of any character whatsoever.

24. NON-DISCRIMINATION: Landlord agrees to comply with the non-discrimination in employment policies in County contracts as required by Section 11B-33 and Section 27-19 of the Montgomery County Code 1994, as amended, as well as all other applicable state and federal laws and regulations regarding employment discrimination. The Landlord assures the County that in accordance with applicable law, it does not, and agrees that it will not

discriminate in any manner on the basis of race, color, religious creed, sex, martial status, national origin, ancestry, disability or sexual orientation.

25. NON-APPROPRIATION: This lease is subject to the appropriation of funds. If funds are not appropriated, for any reason whatsoever, the Lease will automatically terminate on July 1 of the calendar year which the County does not appropriate funds. County shall give Landlord at least thirty (30) days written notice of the lack of appropriation. The County shall not make or be entitled to any claim for reimbursement of any kind, whether for improvements or prepaid items.

26. CONTRACT SOLICITATION: Except for McShea & Company, Inc. Landlord represents that it has not retained anyone to solicit or secure this Lease from Montgomery County, Maryland, upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees or bona fide established, licensed commercial selling or leasing agencies maintained by the Landlord for the purpose of securing business or an attorney rendering professional legal service consistent with applicable canons of ethics.

27. PUBLIC EMPLOYMENT: Landlord understands that unless authorized under Chapter 19A and Section 11B-52 of the Montgomery County Code 1994, as amended, it is unlawful for any person transacting business with Montgomery County, Maryland, to employ a public employee for employment contemporaneous with his or her public employment.

28. CONDEMNATION: In the event that the Leased Premises, or any part thereof, or more than twenty-five percent (25%) of the building of which the Leased Premises are a part is taken or condemned for public use or purpose by any competent authority, County shall have no claim against the Landlord and shall not have any claim or right to any portion of the amount that may be awarded as damages or paid as a result of any such condemnation; and all rights of the County to damages therefore, if any, are hereby assigned by the County to the Landlord. Upon such condemnation or taking, the term of this Lease shall cease and terminate from the date of such governmental taking or condemnation and the County shall have no claim against the Landlord for the value of any unexpired term of this Lease. The foregoing notwithstanding, County shall be entitled to claim, prove and receive in the condemnation proceedings such awards as may be allowed for relocation expenses and for fixtures and other equipment installed by County which shall not, under the terms of this Lease, be or become the property of Landlord at the termination hereof, but only if such an award is made by condemning authorities in

addition to and stated separately from the award made for the land and the building or parts thereof so taken.

29. GENERAL PROVISIONS:

- A. Entire Agreement: It is further understood and agreed that this instrument contains the entire agreement between the parties hereto and shall not be modified in any manner except by an instrument in writing duly executed by the parties hereto.
- B. Rights and Remedies: In addition to any and all rights and remedies specifically mentioned in this Lease, Landlord and County shall have all rights and remedies granted by Law or in equity. Resort to one remedy shall not be construed as a waiver of any other remedy. Failure by Landlord or County to resort to any or all of their respective rights or remedies shall not be considered to be a waiver of such rights or remedies, nor to be acquiescence of any party in any action or default.
- C. Governing Law: The provision of this Lease shall be governed by the laws of the State of Maryland. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term shall not be affected thereby.

30. SUBORDINATION: Landlord shall have the absolute right to encumber the Leased Premises set forth in this Lease and the Lease, at the option of Landlord, shall be subordinate to such encumbrance or encumbrances. County agrees to sign all appropriate and accepted papers for subordination within ten (10) business days after Landlord's written request, provided such subordination shall be upon the express condition that the Lease shall be recognized by the holder of the encumbrance and the rights of County shall remain in full force and effect during the initial Lease term or any extension thereof. In the event of a sale or transfer of the title to the aforesaid land and premises, any transferee shall be entitled to have this Lease subordinated to the lien and effect of any first deed of trust or mortgage to secure purchase money. County agrees to execute any subordination documents required by Purchaser, subject only to the reservations recited in this paragraph.

This Lease is subject and subordinate to all ground or underlying leases and to all mortgages and/or deeds of trust which may now or hereafter affect such leases or the real property of which the Leased Premises form a part, and to all renewals, modifications, consolidations, replacements and extensions thereof. This subordination provision shall be self-operative and no further instrument of subordination shall be required. County will make reasonable efforts to deliver to Landlord an estoppel certificate if required by Landlord's Lender or transferee. The estoppel certificate will certify that: County further agrees that, at the option of the holder of any mortgage or the trustee under any deed of trust, this Lease may be made superior to said mortgage or first deed of trust by the insertion therein of a declaration that this Lease is superior.

31. **BENEFIT AND BURDEN:** The provisions of this Lease shall be binding upon, and shall inure to the benefit of the Parties hereto and each of their respective representatives, successors and assigns.

32. **PARKING:** Landlord shall provide unreserved parking in the surfaced parking facility adjacent to the building for the use of County and County's patrons in common with other Building tenants. Landlord shall provide a proportionate share of 3.5 spaces per 1000 square feet of parking for the County throughout the term of the Lease. County agrees to abide by reasonable parking procedures, which Landlord may from time to time establish. Landlord shall be responsible for the care and maintenance of the parking facility. Landlord shall provide, at Landlord's expense, proper lighting, periodic cleaning and repair of the parking facility as necessary.

33. **MAIL NOTICES:** All notices required or desired to be given hereunder by either party to the other shall be given by certified or registered mail, postage prepaid, addressed to Landlord or County, respectively. Notices to the respective parties shall be addressed as follows:

Landlord and Managing Agents:

TA / WESTERN LLC
c/o Mcshea & Company
One Bank Street, Suite 300
Gaithersburg, Maryland 20878

County:

Montgomery County Government
Dept. of Facilities and Services
Office of Leasing Management
101 Orchard Ridge Drive, 2nd Floor
Gaithersburg, Maryland 20878

34. **AMERICANS WITH DISABILITIES ACT ("ADA"):** To the extent that the Landlord receives any notice from a governmental entity that the Building is not in compliance

with the Americans with Disabilities Act ("ADA") and the Landlord is obligated pursuant to a final determination to undertake action in order to comply with ADA, then in such event Landlord agrees to undertake such remedial action at Landlord's sole cost and expense. To the extent that such notice requires action with regard solely to Tenant's particular use of the Premises, Tenant shall be obligated to undertake such action at Tenant's sole cost and expense.

35. HAZARDOUS MATERIAL: For purposes of this Lease, the term "Hazardous Material" means hazardous substance, hazardous waste, infectious waste, or toxic substance, material, or waste which becomes regulated or is defined as such by any local, state or federal governmental authority. Except for small quantities of ordinary office supplies such as copier toners, liquid paper, glue ink and common household cleaning materials, Tenant shall not cause or permit any Hazardous Material to be brought, kept or used in or about the Premises or the Building by Tenant, its agents or employees. Tenant shall promptly notify Landlord of any release of a hazardous Material in the Premises or at the Building of which Tenant becomes aware, whether caused by Tenant or any other person or entity. The provisions of this Paragraph 35 shall survive the termination of the Lease.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have caused this LEASE to be properly executed.

WITNESS:

By: Kelly Heck

WITNESS:

By: Rebecca Domaruk

LANDLORD:

The Realty Associates Fund III, L.P., a Delaware limited partnership
By: Realty Associates Fund III GP Limited Partnership, a Delaware limited partnership, general partner

By: Realty Associates Fund III LLC, a Delaware limited liability company, its sole general partner

By: Realty Associates Fund III Trust, a Massachusetts business trust, sole Member

By: Henry G. Brauer

By: Realty Associates Fund III Texas Corporation, a Texas corporation, general partner

By: Henry G. Brauer

Director of Asset Management

TENANT:

MONTGOMERY COUNTY,
MARYLAND

By: William H. Mooney
WILLIAM MOONEY ASSISTANT
CHIEF ADMINISTRATIVE OFFICER

Date: 11/23/01

APPROVED AS TO FORM & LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: ileen S. Baseman

Date: 9/7/2001

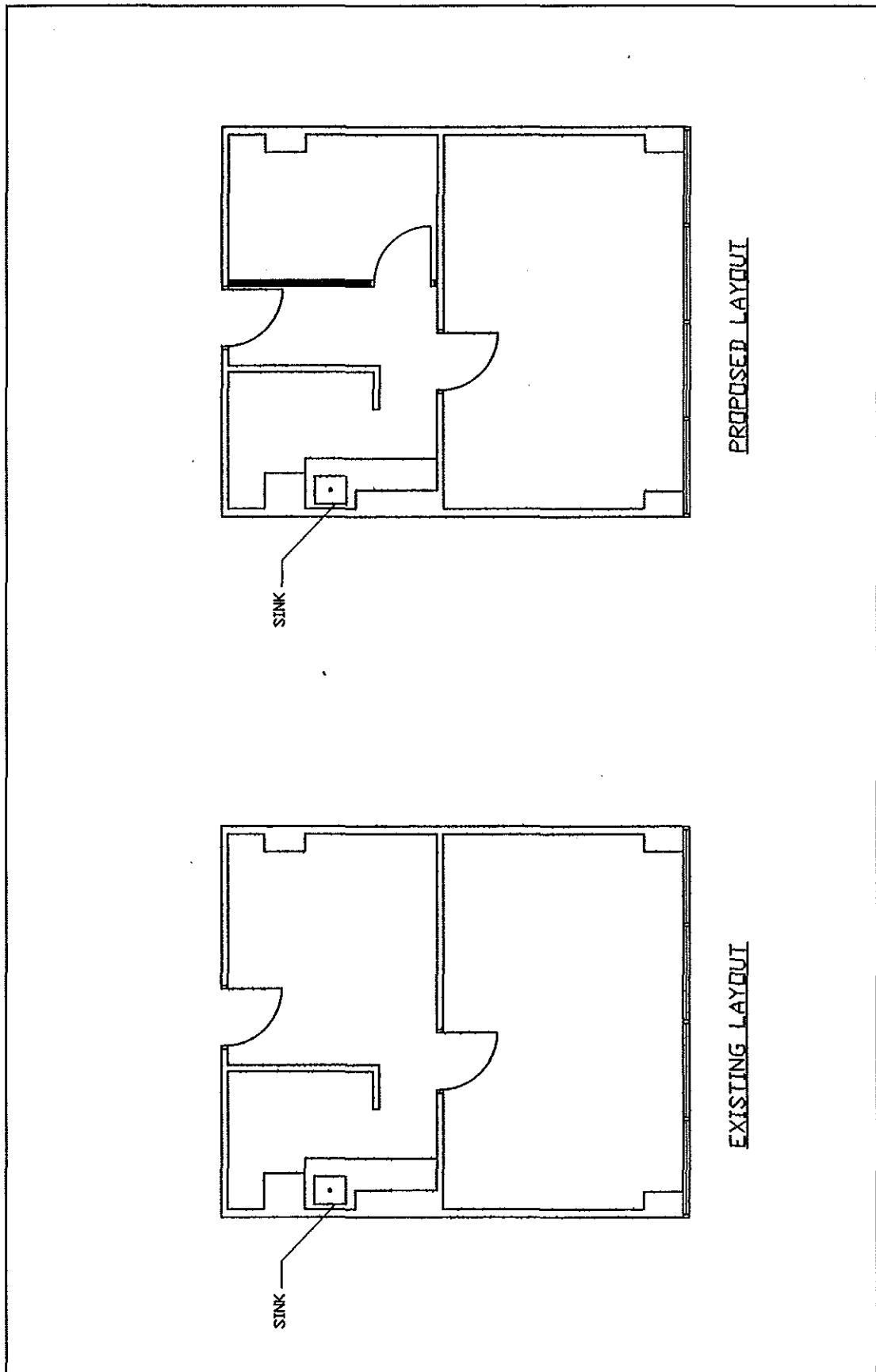
RECOMMENDED

By: J. Ronald Smith
J. RONALD SMITH, CHIEF
FACILITIES AND SERVICES SECTION

Date: 11/21/01

REALTY ASSOCIATES FUND IV

EXHIBIT A



RULES AND REGULATIONS

GENERAL RULES

Tenant shall faithfully observe and comply with the following Rules and Regulations.

1. Tenant shall not alter any locks or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord.
2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises. Tenant shall assume any and all responsibility for protecting the Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.
3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Project except during the Project's normal hours of business as defined in Section 11.4 of the Lease. Tenant, its employees and agents must be sure that the doors to the Project are securely closed and locked when leaving the Premises if it is after the normal hours of business of the Project. Tenant, its employees, agents or any other persons entering or leaving the Project at any time when it is so locked, or any time when it is considered to be after normal business hours for the Project, may be required to sign the Project register. Access to the Project may be refused unless the person seeking access has proper identification or has a previously received authorization for access to the Project. Landlord and its agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Project of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.
4. No furniture, freight or equipment of any kind shall be brought into the Project without Landlord's prior authorization. All moving activity into or out of the Project shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Project and also the times and manner of moving the same in and out of the Project. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight, and Tenant shall be solely responsible for the cost of installing all supports. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Project, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.
5. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord.

Tenant shall not ask employees of Landlord to do anything outside their regular duties without special authorization from Landlord.

6. Tenant shall not disturb, solicit, or canvass any occupant of the Project and shall cooperate with Landlord and its agents to prevent the same. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, halls, stairways, elevators, or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises. Smoking shall not be permitted in the Common Areas.

7. The toilet rooms, urinals and wash bowls shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or agents, shall have caused it.

8. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

9. Tenant shall not use or keep in or on the Premises or the Project any kerosene, gasoline or other inflammable or combustible fluid or material. Tenant shall not bring into or keep within the Premises or the Project any animals, birds or other vehicles.

10. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or to otherwise interfere in any way with the use of the Project by other tenants.

11. No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for loading or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' Laboratory approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors of Tenant, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations; and provided further that such cooking does not result in odors escaping from the Premises.

12. Landlord shall have the right to approve where and how telephone wires are to be introduced to the Premises. No boring or cutting for wires shall be allowed without the consent of Landlord. The location of telephone call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord. With the exception of hanging pictures, Tenant shall not mark, drive nails or screws, or drill into the partitions, woodwork or plaster contained in the Premises or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Project. Tenant shall not interfere with broadcasting or reception from or in the Project or elsewhere.

13. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

14. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Project's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

15. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash in the vicinity of the Project without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate.

16. Tenant shall comply with all applicable safety, fire protection and evacuation procedures and regulations established by applicable.

17. No awnings or other projection shall be attached to the outside walls or windows of the Project by Tenant. No curtains, blinds, shades or screens shall be attached to or hung in any window or door of the Premises without the prior written consent of Landlord. All electrical ceiling fixtures hung in the Premises must be fluorescent and/or of a quality, type, design and bulb color approved by Landlord. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises. The skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Project shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

18. Tenant shall not employ any person or persons other than the janitor of Landlord for the purpose of cleaning the Premises unless otherwise agreed to in writing by Landlord. Except with the prior written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Project for the purpose of cleaning same. Landlord shall in no way be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant or any of its employees or other persons by the janitor of Landlord. Janitor service shall include ordinary dusting and cleaning by the janitor assigned to such work and shall not include cleaning of carpets or rugs, except normal vacuuming, or moving of furniture and other special services. Window cleaning shall be done only by Landlord at reasonable intervals and as Landlord deems necessary.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles".
2. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
3. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Landlord will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
4. Validation of visitor parking, if established, will be permissible only by such method or methods as Landlord may establish at rates determined by Landlord, in Landlord's sole discretion.
5. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
6. Tenant shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements. Garage managers or attendants are not authorized to make or allow any exceptions to these Parking Rules and Regulations. Landlord reserves the right to terminate parking rights for any person or entity that willfully refuses to comply with these rules and regulations.
7. Every driver is required to park his own car. Where there are tandem spaces, the first car shall pull all the way to the front of the space leaving room for a second car to park behind the first car. The driver parking behind the first car must leave his key with the parking attendant. Failure to do so shall subject the driver of the second car to a Fifty Dollar (\$50.00) fine. Refusal of the driver to leave his key when parking in a tandem space shall be cause for termination of the right to park in the parking facilities. The parking operator, or his employees or agents, shall be authorized to move cars that are parked in tandem should it be necessary for the operation of the garage. Tenant agrees that all responsibility for damage to cars or the theft of or from cars is assumed by the driver, and further agrees that Tenant will hold Landlord harmless for any such damages or theft.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant, but no such waiver by Landlord shall be construed as

a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.